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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
November 1966

Volume 11

Number 4

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

BASIC FORMULA PRICE AMENDED

The Order regulating the handling of milk in the Chattanooga, Tennessee marketing area, together with most of the other 71 Federal milk orders, was amended effective December 1, 1966 to moderate any decline in the price of Class I milk over the next eight months. The amendments followed a series of nationwide public hearings held during mid-November to determine basic pricing policies in the Federal milk market areas. The hearings were called after milk producer associations throughout the country appealed for action to halt an expected drop in milk prices at the farm. The amendment placed a new "floor" under the basic formula price so that it could not go below \$4.26 for December 1966, January and February 1967; \$4.15 for March and April 1967; and \$4.05 for May, June and July 1967. This amendment prevented a drop of 11 cents in the Order Minimum Class I price for December since the basic formula price (November Minnesota-Wisconsin manufacturing milk price) was \$4.15 compared with the "floor" of \$4.26. (Note Class I price computation page 2 and basic formula price quotations page 4)

MARKET SUMMARY - NOVEMBER 1966

The Order MINIMUM producer uniform price is \$5.68 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 8.6 cents for each one-tenth of one percent above or below 3.5 percent butterfat. This is a producer uniform price increase of \$0.83 per cwt. over November 1965.

During November, 83.9% of the total producer milk was priced in Class I at \$6.09 per cwt. with a butterfat differential of 8.9 cents and 16.1% in Class II at \$3.95 per cwt. with a butterfat differential of 7.8 cents. The daily average use of Gross Class I milk decreased 5.0% compared with October 1966 and decreased 10.3% compared with November 1965.

Daily average delivery of milk from producers was 565,267 pounds in November 1966, a decrease of 20,169 pounds per day compared with October 1966 and a decrease of 72,172 pounds compared with November 1965. Percentage-wise, November deliveries decreased 3.4% compared with October 1966 and decreased 11.3% compared with November 1965.

MILK SAMPLES TESTED - Producer Fresh Samples 4,507 - Handler Finished Products 214.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Nov. '66 Over Nov. '65	Nov. 1966	Oct. 1966	Nov. 1965
Number of Plants (Pool and Non-Pool)		9	9	11
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Total Producer Milk	- 11.3	565,267	585,436	637,439
Other Source	- 29.9	12,876	11,646	18,372
Other Federal Orders	+642.4	43,082	44,697	5,803
Total Milk Receipts	- 6.1	621,225	641,779	661,614
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 11.4	374,138	371,407	422,301
Fluid Skim	+ 59.8	39,062	37,669	24,438
Buttermilk	- 7.0	39,924	40,339	42,929
Flavored Milk and Drink	- 10.4	12,382	13,925	13,821
Fluid Cream (Sweet and Sour)	- 2.2	2,907	2,787	2,973
Other (Shrinkage, Inventory, etc.)		1,256	958	2,114
Transfers to Non-Pool Plants		38,056	67,384	57,735
Total Class I Milk	- 10.3	507,725	534,469	566,311
Class II Uses:				
Ice Cream		29,761	31,276	34,258
Cottage Cheese		25,946	28,639	17,805
Powdered and Condensed Milk		11,525	5,760	23,151
Livestock Feed and Skim Dumped		5,241	5,289	5,059
Shrinkage Class II		9,064	10,568	11,397
Other (Butter, Inventory, etc.)		7,964	11,181	(7,429)
Transfers to Non-Pool Plants		23,999	14,597	11,062
Total Class II Milk	+ 19.1	113,500	107,310	95,303
Class I Pounds in Marketing Area	- 4.1	299,730	297,776	312,539
Class I Pounds Outside Marketing Area	- 18.0	207,995	236,693	253,772
Gross Class I Butterfat Pounds	- 13.8	17,999	19,386	20,887
Gross Class II Butterfat Pounds	+ 25.1	7,639	6,814	6,104
Total Butterfat Pounds	- 5.0	25,638	26,200	26,991
% Producer Milk of Gross Class I		111.3	109.5	112.6
% Producer Milk priced in Class I		83.9	85.3	88.1

DECEMBER 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

Per \$ 1090.51(a)	Dec. '66	Nov. '66	Dec. '65
Basic Formula	\$4.26	\$4.26	\$3.39
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.06	0.08	0.00
Class I Price, 3.5% Butterfat	\$6.07	\$6.09	\$5.14
Supply-Demand Comparison: 1st and 2nd preceding months: October and November			
Supply: Lbs. Producer Milk (Oct. 18,148,522 and Nov. 16,958,017)			35,106,539
Demand: Lbs. Net Class I Milk (Oct. 16,425,110 and Nov. 15,098,593)			31,523,703
Utilization Percentage: Producer milk divided by Class I			111
Standard Utilization Percentage: Range 114-118			114
Net Deviation Percentage: Utilization minus Standard Utilization			minus 3
Supply-Demand Adjustment: 2 cents x 3 percentage points			plus \$0.06

Since the supply in relation to the demand is less than the desired standard, the price is increased 6 cents per hundredweight (2 cents x 3 percentage points).

Reports from the following pool plants were included in the determination of the Order uniform producer price for November 1966:

Chattanooga Area Milk Prod. Assn.
Grant-Patten Milk Co., Inc.
Happy Valley Farms, Inc.
Home Stores, Inc.

Mayfield Dairy Farms, Inc.
Ray Moss Farms, Inc.
Sealtest Foods

COMPUTATION OF PRODUCER UNIFORM PRICE

NOVEMBER 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		15,231,746	3.545		
Less Other Source		998,950	3.335		
Producer Milk Class I	83.9	14,232,796	3.559701	\$6.143134	\$ 874,339.73
Gross Class II		3,405,017	6.731		
Less Other Source		679,796	3.526		
Producer Milk Class II	16.1	2,725,221	7.529921	7.093338	193,309.14
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	16,958,017	4.197731		1,067,648.87
Add Fractional Adjustment					0.02
Add Value of Overage					1.09
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		82,356			3,904.35
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					4,891.53
TOTAL VALUE AT TEST		17,040,373	4.187033	6.317032	1,076,445.86
Less Test over 3.5% @ 8.6¢ per point		17,040,373	.687033	0.590848	100,682.70
TOTAL UTILIZATION VALUE AT 3.5%		17,040,373	3.5	5.726184	975,763.16
Less Producer-Settlement Fund Reserve		17,040,373		.046184	7,869.93
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		17,040,373	3.5	\$5.68	\$ 967,893.23

NOVEMBER 1966 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$5.25	3.6	\$5.766	4.2	\$6.282	4.8	\$6.798	5.4	\$7.314
3.05	5.293	3.65	5.809	4.25	6.325	4.85	6.841	5.45	7.357
3.1	5.336	3.7	5.852	4.3	6.368	4.9	6.884	5.5	7.40
3.15	5.379	3.75	5.895	4.35	6.411	4.95	6.927	5.55	7.443
3.2	5.422	3.8	5.938	4.4	6.454	5.0	6.97	5.6	7.486
3.25	5.465	3.85	5.981	4.45	6.497	5.05	7.013	5.65	7.529
3.3	5.508	3.9	6.024	4.5	6.54	5.1	7.056	5.7	7.572
3.35	5.551	3.95	6.067	4.55	6.583	5.15	7.099	5.75	7.615
3.4	5.594	4.0	6.11	4.6	6.626	5.2	7.142	5.8	7.658
3.45	5.637	4.05	6.153	4.65	6.669	5.25	7.185	5.85	7.701
3.5	5.68	4.1	6.196	4.7	6.712	5.3	7.228	5.9	7.744
3.55	5.723	4.15	6.239	4.75	6.755	5.35	7.271	5.95	7.787

NOVEMBER 1966 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$ 1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	71.2	506,645	\$0.89	\$450,914.05
Class II	28.8	205,207	0.78	160,061.46
Total	100.0	711,852		\$610,975.51

Total Butterfat Value ÷ Total Producer fat pounds = \$0.858290

Producer Butterfat Differential per point variation above or below 3.5 percent - - - - - \$0.086

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Nov. '65	\$4.85	-	-	8.0¢	\$5.09	8.2¢	\$3.35	7.3¢
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan. '66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	4.89 ^{2/}	\$5.00	\$3.04	7.8	5.33	8.0	3.08	7.3
Apr.	4.85 ^{2/}	5.06	3.00	7.8	5.45	8.2	3.04	7.2
May	4.79 ^{2/}	4.97	3.02	8.0	5.45	8.2	3.06	7.3
June	4.87 ^{2/}	5.01	3.08	8.0	5.45	8.3	3.12	7.6
July	5.28 ^{2/}	5.44	3.24	8.4	5.767	8.6	3.28	8.2
Aug.	5.27	-	-	9.0	5.84	9.3	3.49	8.4
Sept.	5.66	-	-	9.4	5.87	9.5	4.25	8.6
Oct.	5.65	-	-	9.2	6.01	9.7	3.99	7.9
Nov.	5.68	-	-	8.6	6.09	8.9	3.95	7.8
Dec.	-	-	-	-	6.07	8.8	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS				Basic Formula \$-cwt-3.5%
	4 Tenn. Milk Mfg.	Butter Powder	4 Tenn. Milk Mfg. \$-cwt-4%	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	Minn/Wisc. Mfg. Milk \$-cwt-3.5%	
Nov. '65	2.83	3.35	3.194	63.27	14.42	3.39	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47	3.47
Jan. '66	3.01	3.22	3.350	59.33	14.54	3.47	3.47
Feb.	3.01	3.32	3.363	61.80	14.59	3.58	3.58
Mar.	3.08	3.39	3.450	63.40	14.81	3.68	3.68
Apr.	3.04	3.48	3.400	62.80	16.02	3.64	3.64
May	3.06	3.55	3.425	63.54	16.70	3.65	3.65
June	3.12	3.65	3.500	65.99	16.81	3.82	4.00
July	3.28	4.02	3.688	71.19	18.83	4.05	4.05
Aug.	3.49	4.17	3.913	73.05	19.63	4.26	4.26
Sept.	3.55	4.25	3.981	74.88	19.73	4.34	4.34
Oct.	3.57	3.99	3.969	68.80	19.64	4.26	4.26
Nov.	3.52	3.95	3.913	67.70	19.74	4.15	4.26 ^{4/}

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK <u>3/</u>			PRODUCER DATA <u>3/</u>				Deliveries Per			Prod. Milk Test
	No. Hdlrs.	Total Receipt	Class I Use	Class I Use	Total Delivery	Base Delivery	No. Prod.	Farm----Pounds			
								Prod.	Base	Exc.	
Nov. '65	11	661,614	566,311	561,329	637,439	-	667	956	-	-	4.20
Dec.	11	660,074	506,784	501,638	635,260	-	666	954	-	-	4.23
Jan. '66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06
Apr.	11	726,873	528,830	522,390	686,157	617,814	653	1,051	946	105	3.93
May	11	709,820	498,267	492,037	669,259	606,628	646	1,036	939	97	3.95
June	11	664,459	492,255	477,148	624,721	579,064	642	973	902	71	3.90
July	9	606,531	461,978	450,482	558,984	520,301	601	930	866	64	3.89
Aug.	9	627,073	467,668	460,875	602,478	-	602	1,001	-	-	3.87
Sept.	9	669,440	573,722	549,013	617,915	-	591	1,046	-	-	3.95
Oct.	9	641,779	534,469	499,096	585,436	-	575	1,018	-	-	4.15
Nov.	9	621,225	507,725	474,427	565,267	-	571	990	-	-	4.20

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendment, December 1, 1966